

Testimony in support of the passage of
Raised Bill No. 6513 – an act concerning the budget and special assessment approval
process in common interest communities

Proposed to the Joint Judiciary Committee

By Elizabeth B. Silver
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Co-Chairmen of the Joint Judiciary and members of the Joint Judiciary, I urge you to pass
Raised Bill No. 6513 to the General Assembly for the following reasons:

Heritage Village is a senior, Pre-1984 Association of 24 separate condominiums totaling 2,580 units. A budget of over 16.5 million dollars is presented by our management company, the H.V.M.A. (Heritage Village Master Association) to our 24 Trustees for two-thirds approval. Following that approval, the unit owners have the right to vote on the budget. A majority, plus one, of all unit owners are needed to reject the budget.

Presently, Heritage Village is in a state of crisis. Twenty percent of units, approximately 516 units, are made up of: renters; life tenants; non-resident owners; owners in nursing homes; and vacant units (195 units). One hundred and thirty-three units are in various stages of foreclosure. Owners of these units can read the balance sheets on the budget on our website (www.hvowner.info). However, important information on our budget is found: (1) in our monthly Bulletin, found in our common cluster mailbox and not mailed to non-resident owners; and (2) through our televised Trustees meeting on our cable channel 14. These unit owners can only access this information on the budget if they reside in the Village. Consequently, twenty percent of owners cannot make a proper judgment to approve/reject the budget. Most of these owners never return their ballots, and those ballots are counted as a "yes" vote to approve the budget. With this twenty percent outstanding, it is a near impossibility to overturn a budget.

A recent reserve study for the FHA (Federal Housing Administration) is now requiring us to have approximately 70 million dollars in reserve spaced out over the next 20 years. This works out to 3.5 million dollars a year in our budget. This money is for capital improvements, restoration, roofs, roadways, pathways, etc. However, line items in our budget already account for a built-in reserve of 2 million dollars. In addition, we have undesignated and designated reserves of close to a million dollars. This makes a total of 3 million we already have, leaving a balance of five hundred thousand. This \$500,000 can be easily be covered by a special assessment in the amount of \$194. Therefore, there is no need to project maintenance's requested 3% increase in the budget each year for the next 20 years.

This bill will help keep our maintenance charges within an acceptable range that all Villagers can absorb. Thank you for your consideration.

Sincerely,

Elizabeth B. Silver